WAS TURNING OVER IN HIS MIND WHAT STEPS WESTERN POWERS MIGHT TAKE BETWEEN NOW AND RECONVENING AT GENEVA TO IMPROVE THEIR POSITION IN NEGOTIATIONS WITH SOVIETS OVER BERLIN. HE AGREES THAT EXPERTS SHOULD NOT BE CALLED TOGETHER. BUT THINKS IT WOULD BE USEFUL TO BEGIN EXCHANGE OF VIEWS BETWEEN GOVERNMENTS ON GENEVA PROSPECTS AS SOON AS POSSIBLE. HE INDICATED FRENCH EMBASSY WASHINGTON WOULD BE INSTRUCTED IN NEAR FUTURE TO CONTACT DEPARTMENTAL REPRESENTATIVE, PROBABLY MERCHANT, IN THIS REGARD.

LALOY SAID HE FEARS SOVIETS WILL ATTEMPT PUT WEST IN POSITION OF ACCEPTING LATEST SOVIET PROPOSALS AS BASIS FOR DISCUSSION WHEN TALKS BEGIN JULY 13. TO FORESTALL THIS MOVE. LALOY IS CONSIDERING WHETHER IT MIGHT BE DESIRABLE FOR WESTERN THREE TO SEND NOTES TO SOVIET GOVERNMENT EARLY IN JULY WHICH WOULD RECAPITULATE POSITIONS OF TWO SIDES, EMPHASIZE REASONABLENESS OF WESTERN PROPOSALS AND STATE OUR ASSUMPTION THAT LATTER WILL BE POINT OF DEPARTURE FOR FURTHER DISCUSSIONS.

LALOY SAID HE REALIZED THERE WERE POSSIBLE DRAWBACKS TO THIS PROCEDURE. BUT HE THOUGHT ADVANTAGES MIGHT OUTWEIGH DISADVANTAGES AND THAT MOVE WOULD PUT US IN STRONGER POSITION.

(NOTE: LALOY EMPHASIZED THAT IDEA OF NOTE WASSPURELY PERSONAL AND TENTATIVE ONE WHICH HE DID NOT WASH 30 BE DISCUSSED WITH OTHER GOVERNMENTS AT THIS CONFIDENTIA

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THEREFORE, NO MENTION OF THIS SHOULD BE MADE TO FRENCH OFFICIALS.) $\hfill \Box$

LALOY PRAISED SECRETARY'S RADIO AND TELEVISION SPEECH HIGHLY AND SAID IT STRUCK RIGHT NOTE OF FIRMNESS AND RESOLUTION, HOMEVER, HE THOUGHT LLOYD'S AND MACHILLAN'S STATEMENTS HAVE BEEN OVERLY OPTIMISTIC, AND HE FEARS THAT ATTITUDE REFLECTED IN THESE STATEMENTS MAY MAKE IT VERY HAND TO RESIST SOVIET PRESSURES IN NEXT ROUND OF TALKS TO GO BEYOND CONCESSIONS WE HAVE ALREADY MADE.

LALOY SAID SEVERAL UNITED STATES JOURNALISTS HAVE TOLD HIM THEY FEIT WEST WAS "MISSING BET" FOR GOOD COMPONISE IN NOT DISCUSSING LAST GROMYKO PROPOSAL (DUBASY HAS HIME ALSO), BUT THAT HE CONTINUES TO BELIEVE ITA WOULD BE FATAL TO ACCEPT ANY KIND OF THE LIMIT FOR OCCUPATION STATUTE, EVEN WITH PROVISION FOR REVIEW OF STUTATION AFTER EXPIRATION OF TIME LIMIT.

LALOY AND OTHER QUAI OFFICIALS ARE ALSO PERTURBED BY GROWNYO'S IN SISTENCE ON PAN-AERMAN COMMITTEE AND ITS LINK WITH BERLIN SOLUTION. THEY FEEL GROWNYO MAY BE DISPOSED TO GIVE SLIGHTLY ON QUESTION OF PARITY IN COMPOSITION OF COMMISSION TO, EXTENT OF SAYING THIS IS SOMETHING WHICH COULD BE DISCUSSED AT SUMMIT ONCE PRINCIPLE OF COMMITTEE ITS ACCEPTED. LALOY FEARS THIS MIGHT APPEAL TO BRITISH. HE SAID FRENCH WOULD STRONGLY OPPOSE IT, HOWEVER, AND ADDED THAT GREWE HAD MADE SPECIAL POINT OF TELLING HIM JUST BEFORE LEAVING GENEVA THAT ANY MOVE IN DIRECTION OF ACCEPTING SOVIET PROPOSALS FOR GENEWAN COMMITTEE WOULD BE DISASTROUS TO FECREE POLICIES AND WOULD BE BIG STEP TOMARD RECOG.

HOUGHTON

RKF

HEELLES ONN THOSE ...